



LAFCO - San Luis Obispo - Local Agency Formation Commission
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TO: MEMBERS, FORMATION COMMISSION

FROM: DAVID CHURCH, EXECUTIVE OFFICER

DATE: MAY 17, 2018

**SUBJECT: STATUS REPORT - ANNEXATION #80 TO THE CITY OF
SAN LUIS OBISPO - SAN LUIS RANCH**

Recommendation: It is respectfully recommended that the Commission receive and file this status report.

Summary: At the February 15, 2018 meeting a brief status report outlined the items being worked on to bring this annexation to hearing. These items include the property tax exchange (PTE) agreement (complete), a developer's agreement (almost done), and information about the Community Facilities District (CFD). Today's status report is to provide the Commission and public with a brief update regarding the processing of this annexation application.

Property Tax Agreement. The City and County approved the Property Tax Exchange Agreement at their May 1, 2018 meetings respectively. The standard agreement was approved along with the County providing additional funding (\$1.4 million) to assist in the future development of regional roadway improvements at Prado and US 101. The County will retain the base property tax and 2/3's of the future growth increment. The City will get 1/3 of the future growth increment. The increment is based on the annual increase in the value of the properties as the development builds out.

Developers Agreement. The City Council is anticipated to hold meetings regarding the developer's agreement by this summer. The agreement outlines, in principle, what actions the developers would be required to perform and the timing of the funding needed to implement each action.

Community Facilities District. The City and developer have also been working toward setting up a Community Facilities District (CFD) to establish rates and methods for funding any shortfall. The City anticipates bringing forward more information on this action after their summer meetings. Based on the Developer's Agreement and Property Tax Exchange the CFD could be modified to cover any anticipated shortfall in financing.

Supplemental Environmental Impact Report (SEIR). The City has begun the process of preparing a supplemental EIR to address some changes to the proposed project regarding phasing, roadway improvements, and mitigations. The SEIR is under a 45-day public review with anticipated City meetings for later this summer.

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